ATTACHMENT A

THIRD COUNTRY TECHNOLOGY CAPABILITIES AND IMPACT ON COCOM EMBARGO

KEY JUDGMENTS:

- GROWING TECHNOLOGICAL CAPABILITY OF THIRD COUNTRIES.
- INCREASED USE OF THIRD COUNTRIES TO BY-PASS COCOM CONTROLS.
- EROSION OF COCOM EMBARGO WITHOUT THIRD COUNTRY EXPORT CONTROLS.

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KEY NON-COCOM THIRD COUNTRIES RECEIVING SIGNIFICANT AMOUNTS OF COCOM-CONTROLLED TECHNOLOGIES:

AUSTRALIA	INDONESIA	SOUTH AFRICA
AUSTRIA	IRELAND	SOUTH KOREA
BRAZIL	ISRAEL	SWEDEN
FINLAND	MALAYSIA	SWITZERLAND
HONG KONG	NEW ZEALAND	YUGOSLAVIA
INDIA	SINGAPORE	

NOTE: US REPORT ON THIRD COUNTRIES SUBMITTED TO COCOM IN 1984 - COCOM DOC CONTR (84).

DIFFUSION OF COCOM-CONTROLLED EQUIPMENT AND TECHNOLOGY IN SELECTED THIRD COUNTRIES

COUNTRY	TECHNICAL AREA (EXAMPLES)
AUSTRALIA	ELECTRONIC COMPONENTS, SEMICONDUCTORS, MICROPROCESSORS, COMPUTERS, SOFTWARE.
AUSTRIA	MICROPROCESSOR PLANTS, TELECOMMUNICATION PRODUCTION FACILITIES.
FINLAND	INTEGRATED CIRCUITS, MINICOMPUTERS, COMPONENTS, COMMUNICATIONS EQUIPMENT.
HONG KONG	MINICOMPUTERS, MICROCOMPUTERS, PERIPHERALS, MACHINE TOOLS, TELECOMMUNICATIONS EQUIPMENT.
INDIA	COMPUTING EQUIPMENT, SOFTWARE, AVIONICS, TELECOMMUNICATIONS EQUIPMENT.
IRELAND	ELECTRONIC COMPONENTS, COMPUTERS, MACHINE TOOLS, INSTRUMENTS.
MALAYSIA	MICROPROCESSORS, ELECTRONIC COMPONENTS, DISK DRIVES.
SINAPORE	SEMICONDUCTOR DEVICES, COMPUTER COMPONENTS, PERIPHERALS, ROBOTS, MACHINE TOOLS, AVIONICS.
SOUTH KOREA	COMPUTERS, SEMICONDUCTORS, INTEGRATED CIRCUITS, TELECOMMUNICATIONS EQUIPMENT.
SWEDEN	ELECTRONIC COMPONENTS, MACHINE TOOLS, COMPUTERS, INSTRUMENTS.
SWITZERLAND	ELECTRONIC COMPONENTS, MACHINE TOOLS, OPTICS, ANALYTICAL INSTRUMENTS.

COMMON PROPERTIES BASED ON EVALUATION OF THIRD COUNTRIES

- EASY ACCESS.
- MAJOR IMPORTERS.
- RAPIDLY DEVELOPING TECHNOLOGY BASE.
- BROAD BASED ELECTRONICS INDUSTRY.
- COCOM COUNTRY FIRMS PRESENT.
- CAPABILITIES IMPROVING TO PRODUCE COCOM TECHNOLOGY.
- PRODUCING INCREASINGLY BROADER RANGE OF COCOM TECHNOLOGY.
- SOME COMPETITIVE WITH WEST.

POTENTIAL FOR TECHNOLOGY DIVERSION FROM THIRD COUNTRIES DEPENDS ON:

- DIFFUSION OF CONTROLLED EQUIPMENT INDIGENOUSLY.
- SOVIET BLOC TARGETING AND PRESENCE.
- EFFECTIVENESS AND STRENGTH OF EXPORT CONTROL SYSTEM.
- DEVELOPMENT OF AN EFFECTIVE DELIVERY VERIFICATION SYSTEM.
- CONTROL OF FREE TRADE ZONES.
- ABILITY TO CONTROL RE-EXPORTS.
- COORDINATION OF ENFORCEMENT AUTHORITIES.

INCREASING POTENTIAL FOR LOSS:

- SOME INDIGENOUS INDUSTRIES COMPETITIVE WITH THOSE IN WEST.
- ATTRACTIVE TARGETS FOR ACQUISITION EFFORTS.
- SOVIET BLOC PRESENCE IN THIRD COUNTRIES.
- REPORTING INDICATES LOSS FROM TRADE DIVERSION AND THEFT.
- ACTUAL LOSS IS PROBABLY GREATER THAN REFLECTED IN REPORTING.
- ACCESS TO TRADE SHOWS.

EFFECT OF MOU'S:

- POSITIVE EFFECT OF MOU'S ON CONTROLLING DIVERSIONS.
- IMPACT OF THE MOU'S DEPENDS ON COUNTRY RESOURCES AND PRIORITIES.
- CONTROLS CAN REDUCE LONG-TERM VULNERABILITY OF INDIGENOUS TECHNOLOGY.
- CONTROLS CAN PROTECT COMMODITIES DURING TRANSSHIPMENT AND IN TRANSIT ZONES.

EFFECT OF MOU'S (CONT):

- THIRD COUNTRY DEVELOPMENT OF EXPORT CONTROLS NECESSARY FOR PREVENTION OF LOSS.
- QUESTION OF WILLINGNESS AND ABILITY OF THIRD COUNTRIES TO ENFORCE NEW CONTROLS.
- SUCCESS OF MOU'S DEPENDS ON SPIRIT OF COOPERATION ESTABLISHED WITHIN THIRD COUNTRY GOVERNMENTS.
- INCREASED ENFORCEMENT COOPERATION.